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March 30, 2012

**VIA ECFS**

Marlene Dortch  
Secretary  
Federal Communications Commission  
445-12th Street SW  
Washington, DC 20554

Re: dPi Teleconnect, LLC  
Application for Consent to Transfer Control of a Company Holding  
Blanket Domestic Section 214 Authority  
WC Docket No. 12-32  
*Ex parte* filing

Dear Ms. Dortch:

dPi Teleconnect, LLC (“dPi Teleconnect”) and Amvensys Capital Group, LLC, f/k/a Amvensys Telecom Holdings, LLC (“Amvensys,” with dPi Teleconnect, the “Applicants”), by their attorneys, hereby respond to the additional comments filed by Lawrence Green on March 7, 2012 in the proceeding captioned above.<sup>1</sup> The Applicants responded to Mr. Green’s complaints in detail in their March 1, 2012 filing. As such, no further explanation is necessary or appropriate, with one exception.

<sup>1</sup> In the Applicants’ March 1 response to Mr. Green’s February 21, 2012 comments, Amvensys noted that Mr. Green has repeatedly sent similar letters and emails to Amvensys’ banks and employees over the last two (2) years. In response, Mr. Green stated that “this statement is false in its entirety,” and denied that Mr. Lateef or anyone from Amvensys or its subsidiaries had ever contacted him. Comments of Lawrence Green in WC Docket No. 12-32, filed Mar. 7, 2012, at 1 (“Green Further Comments”). Amvensys notes that Jon Taylor, former Chief Financial Officer of and current Board Member of Amvensys, has exchanged emails with “Larry Green” on subjects similar to those raised by Mr. Green in his comments. The Applicants remain willing to discuss and address with Mr. Green his specific concerns with Amvensys, dPi Teleconnect, or Amvensys’ other subsidiaries.

Marlene Dortch  
March 30, 2012  
Page Two

In his Further Comments, Mr. Green alleges that Mr. Lateef's involvement in certain companies that provided electricity services to the public in Texas resulted in customers losing their electric service provider and being forced to pay "incredibly high electric prices" for services supplied by another electricity provider.<sup>2</sup> The facts regarding these matters alleged by Mr. Green are as follows.

In 2008, Mr. Lateef held a 15% ownership interest in Riverway Power Partners, LLC. At the time, Riverway Powers Partners, LLC owned 100% of Sure Electric LLC d/b/a Riverway Power ("Riverway Power"), a provider of prepaid electric power services to residential customers. Riverway Power was certificated by the Public Utility Commission of Texas ("PUCT") as a Retail Electric Provider ("REP"). A REP sells electric energy to retail customers in those portions of Texas where the sale of electricity is open to retail competition. REPs are subject to forward deposit requirements with the Electric Reliability Council of Texas ("ERCOT"). ERCOT is the state grid operator in Texas and is responsible for managing power transmission and auctions. A forward deposit requirement means that the REP must post collateral with ERCOT in advance of purchasing power for resale. The amount of collateral a REP is required to post with ERCOT at any point in time is based on the last 10 days of market pricing for electricity.

During the last two (2) weeks of May, 2008, prices for electricity on the wholesale spot market in Texas repeatedly spiked to unprecedented high rates. As a result, ERCOT collateral requirements for REPs rose substantially. In June, 2008, Riverway Power was unable to satisfy its collateral requirements with ERCOT and was forced out of business. Pursuant to a protocol established by ERCOT, approximately 4,000-6,500 of Riverway Power's customers were migrated to a provider of last resort ("POLR").<sup>3</sup> At no point did Riverway Power's customers lose service or any amounts they had prepaid to Riverway Power for service. No allegations of wrongdoing on the part of Riverway Power or its principals were made by the PUCT or any other regulatory agency. Riverway Power continued to work with customers for six (6) months after being declared insolvent to ensure that all of its customers were successfully transitioned to new service providers.

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<sup>2</sup> *Id.*

<sup>3</sup> In Texas, POLR service provides a temporary transition service allowing customers to continue to receive electric service while they choose a competitive product. *See, e.g.,* ERCOT News Release (June 10, 2008) ("*ERCOT News Release*"). POLRs generally sell their services at higher prices; consequently, customer costs may rise initially due to the migration to a POLR. *See, e.g.,* ERCOT News Release; "*Deregulation Jolts Texas Electric Bills*," The Wall Street Journal (July 17, 2008) ("*WSJ*"); "*Some Can Reduce Sting of Power Bill/Simple Steps Can Help Those Dumped Into Plans With Providers of Last Resort*," Houston Chronicle (June 6, 2008) ("*Houston Chronicle*").

Marlene Dortch

March 30, 2012

Page Three

The failure of Riverway Power was not the consequence of commercial misbehavior, but instead resulted from the shortcomings of Texas' plan for deregulating its electricity market. As has been recognized, the early framework for deregulation of the electricity market in Texas allowed underlying wholesale spot market prices to rise aggressively.<sup>4</sup> Wholesale rates for electricity react significantly to changes in natural gas prices and, as the PUCT later noted, mid-2008 witnessed peak natural gas price levels.<sup>5</sup> Moreover, contemporary and historical discussions of the 2008 Texas electricity market troubles consistently note very high levels of transmission congestion, which also served to drive up spot market prices.<sup>6</sup> Likely compounding the mid-2008 situation, the PUC raised the wholesale electric market price cap, allowing rising prices to spike even further.<sup>7</sup> The cumulative effect was an electricity market where small providers with limited operating margins – such as Riverway Power -- were forced to rely on a wholesale spot market erupting in steadily more intense price spikes.

Riverway Power was not a unique case of market effects – four other resellers also failed around the same time.<sup>8</sup> The reality that the state's electricity market framework in mid-2008 was unsustainable is underscored both by these failures and by the fact that subsequently Texas invested considerable time and expense to reform the management of its electricity market.<sup>9</sup> Any allegations of possible market misbehavior and culpability for the crisis

<sup>4</sup> See, e.g., *WSJ* (citing, illustratively, a May 2008 day when wholesale prices fleetingly reached a level approximately 40 times the national average).

<sup>5</sup> REPORT TO THE 82<sup>ND</sup> TEXAS LEGISLATURE, Public Utility Commission of Texas (Jan. 2011) (“*PUC Report*”).

<sup>6</sup> *PUC Report* at 48; *WSJ* (citing a 270% increase in incidence of congestion from May 2007 to May 2008).

<sup>7</sup> See THE STORY OF ERCOT: THE GRID OPERATOR, POWER MARKET & PRICES UNDER TEXAS ELECTRIC DEREGULATION, a report issued by The Steering Committee of Cities Served by Oncor & The Texas Coalition for Affordable Power (February 2011) (“*Story of ERCOT*”) at 75.

<sup>8</sup> Texas electricity resellers Pre Buy Electric, National Power, Etricity, and Blu Power also failed within a few months of Riverway Power. A 2008 industry report asserts that the companies defaulted “most likely as a result of the price spikes in ERCOT due to zonal congestion management in the March-June 2008 time period.” See ERCOT TEXAS’S COMPETITIVE POWER EXPERIENCE: A VIEW FROM THE OUTSIDE LOOKING IN, Susan F. Tierney, Analysis Group (Oct. 2008), at 43. Mr. Lateef was previously (over two years prior) a principal of National Power, but not at the time its REP certificate was revoked and its customers transitioned to a POLR.

<sup>9</sup> See, e.g., *WSJ*; *Houston Chronicle*. Among other things, ERCOT changed its protocol for market participation which helped prevent further turbulence in the market.

Marlene Dortch  
March 30, 2012  
Page Four

have been directed at the wholesaler providers that might have manipulated the market to maximize price spikes rather than at the failed resellers.<sup>10</sup>

In light of these facts, the Applicants request that the Commission proceed to grant the Application. Please contact the undersigned counsel if you have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joan M. Griffin".

John Heitmann  
Joan M. Griffin  
Its Attorneys

cc: Dennis Johnson  
Jim Bird  
Tracey Wilson  
David Krech  
Mr. Lawrence Green (by U.S. mail)

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<sup>10</sup> See, e.g., *Houston Chronicle* (noting electric retailers alleging possible wholesale market manipulation); *Story of ERCOT* at 75-76 (discussing the 2008 wholesale electric price spikes and “shadow prices” that permitted generators to receive above-cap prices).

## VERIFICATION

I am Z. Ed Lateef. I am providing this Verification with respect to the Application of dPi Teleconnect, LLC ("dPi Teleconnect") and Amvensys Capital Group, LLC, f/k/a Amvensys Telecom Holdings, LLC ("Amvensys;" with dPi Teleconnect, the "Applicants") for Consent to Transfer Control of a Company Holding Blanket Domestic Section 214 Authority in WC Docket No. 12-32 and the foregoing response of the Applicants ("Further Response") to the further comments filed by Lawrence Green on March 7, 2012 in this docket ("Green Further Comments"). I have reviewed the Green Further Comments and the Further Response. I declare under penalty of perjury that the Further Response is true and correct to the best of my knowledge and belief.

  
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Z. Ed Lateef

Date: 3-30-2012